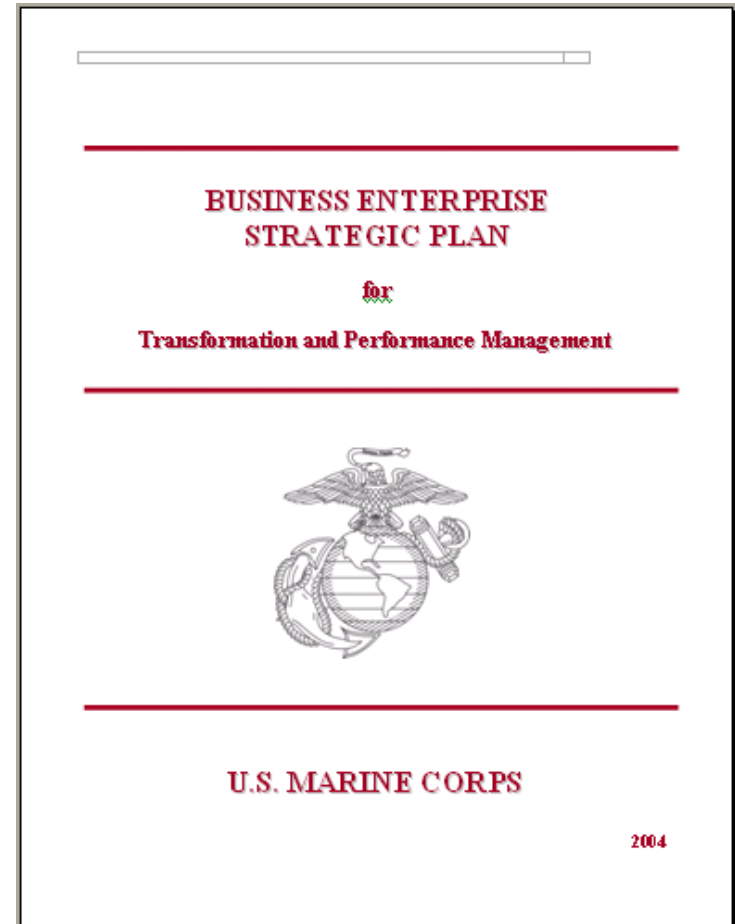


USMC Business Enterprise Way Forward

**Presented by:
Mr. Dave Clifton
and
Ms. Susan Stuffle**



**Business Performance Office Training, May
2004**



Key Trends

Strategic Plan Background

Strategic Plan Extracts

Marine Corps Business Enterprise

**Business Performance Office Training, May
2004**



***“The willingness to focus at the decisive place and time
necessitates strict economy.***

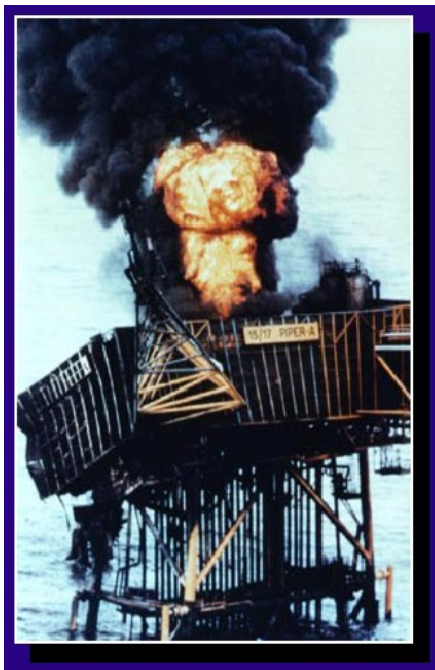
***To devote means to unnecessary efforts or excessive
means
to necessary secondary efforts violates the principle of
focus
and is counterproductive to the true objective.***

***Focus applies not only to the conduct of war
but also to the preparation for war.”***

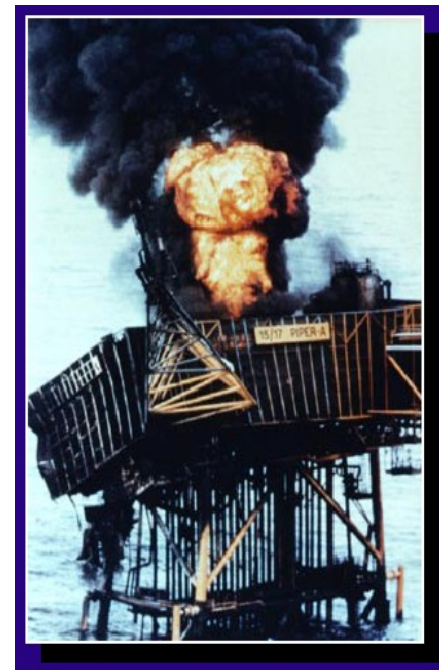
- WARFIGHTING, MCDP 1

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Key Trends



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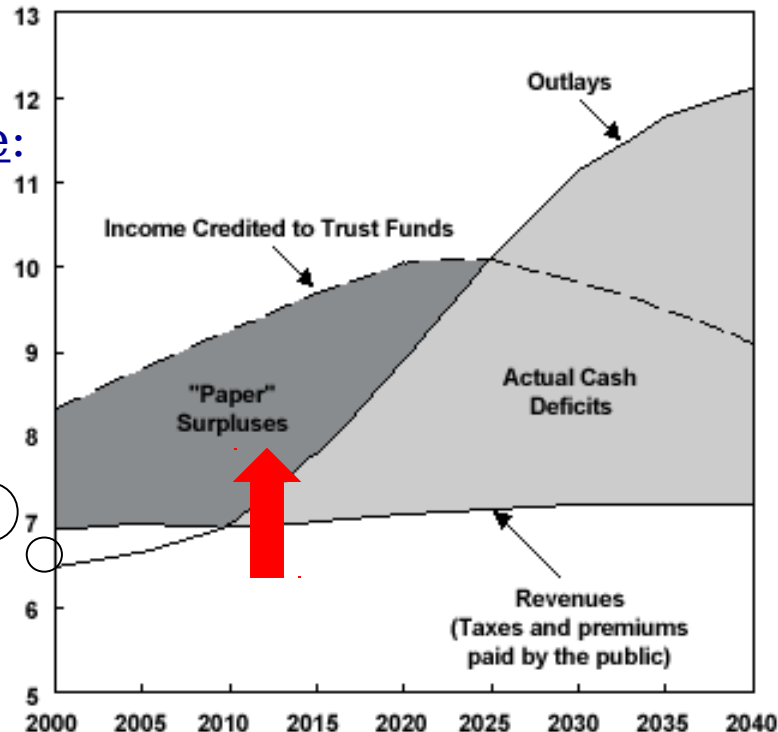


The Biggest Reason we MUST Learn to Manage for Results: Competition for Federal \$\$



Projected Outlays for Social Security and Medicare Outstrip the Programs' Revenues Sooner Than the Trust Funds Reflect (By calendar year, as a percentage of GDP)

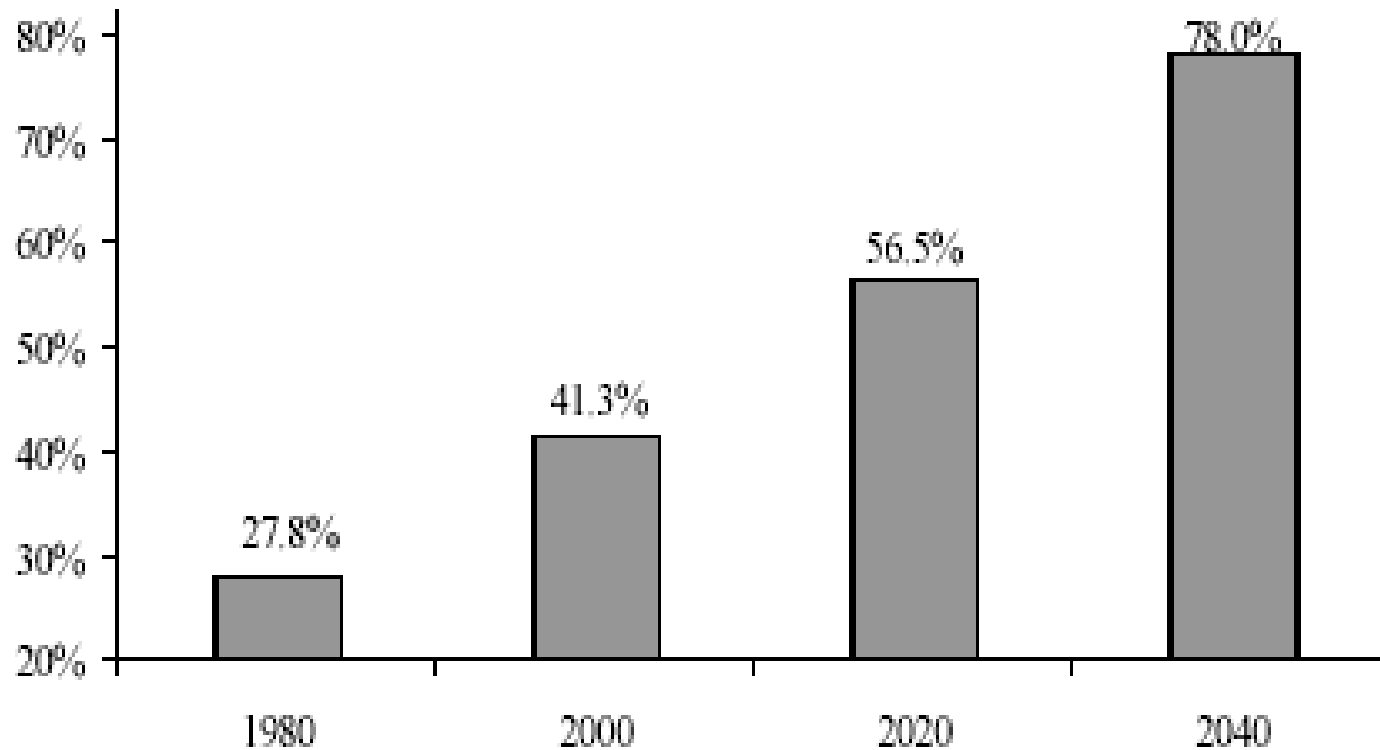
Other reasons include:
Modernization
Aging equipment
Aging facilities
Increased QOL



Source: Congressional Budget Office based on Social Security Administration, *The 2002 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* (March 26, 2002); and Department of Health and Human Services, Centers for Medicare and Medicaid Services, Office of the Actuary, *2002 Annual Report of the Board of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds* (March 26, 2002).



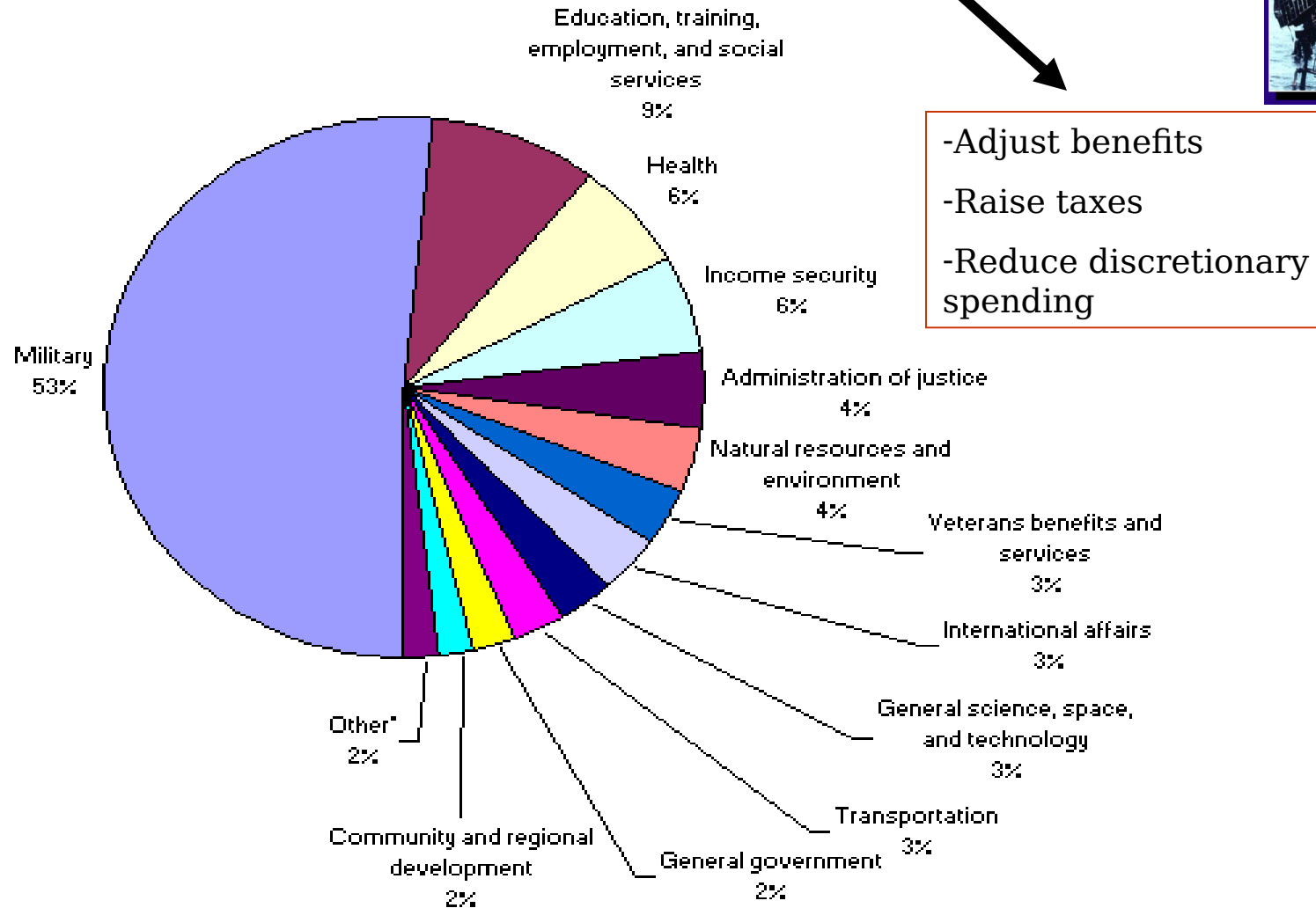
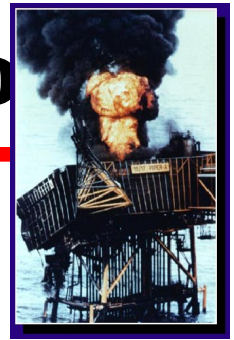
Social Security, Medicare and Medicaid as a Share of Total Federal Spending



Chris Edwards, Tad DeHaven, "War Between the Generations: Federal Spending on the Elderly Set to Explode" Cato Institute, Policy Analysis, 16 Sept. 2003, Pg 5



Politically Radioactive Territory



Defense as a share of total discretionary spending



War Room Report 16-04

- 16 April 2004

The next 2.5 years will position spending habits and priorities when the major cuts inevitably arrive. Those projecting and promising improvements decades from now will lose out to prescription drugs and social security.

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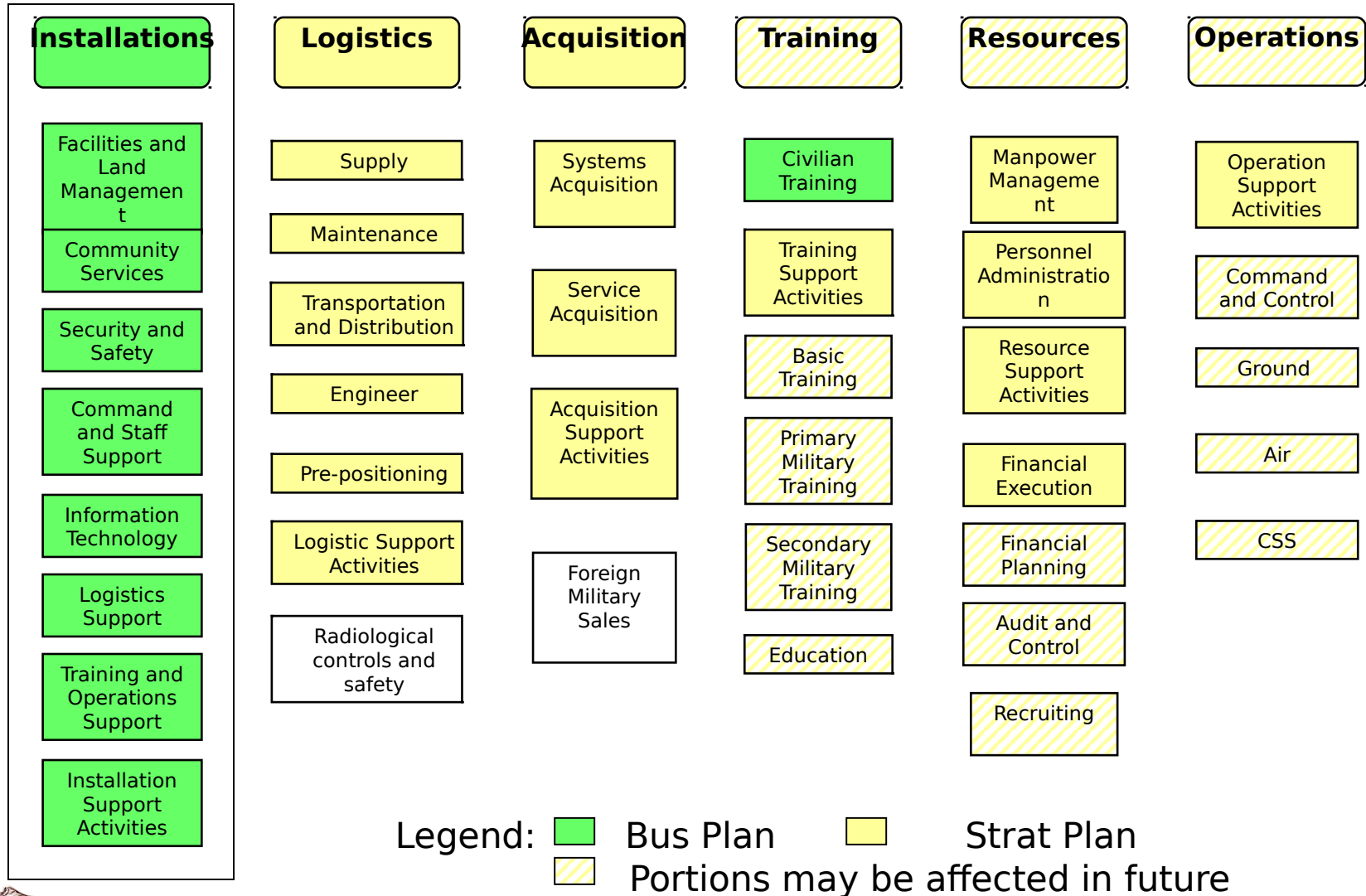
USMC Business Enterprise Strategic Plan Background

**Business Performance Office Training, May
2004**



- 

Strategic Plan Scope vs. Business Plan





USMC Business Enterprise Strategic Guidance Hierarchy

Naval Power 21

Marine Corps Strategy 21

Marine Corps Doctrine, Concepts, and Programs



MROC DECISIONS
POM GUIDANCE



The President's
Management Agenda



USMC Business Enterprise Level

Business Transformation and
Performance Management related:

Goals
Strategies
Actions
Measures
Targets

USMC Business Enterprise
Strategic Plan

Action Plan

Scorecard



Program, Intermediate Command, and Installation Levels

Strategic Plans

Tactical Plans

Scorecards



Primary Sources of Strategic Plan Direction

- Last year dynamic
 - Lots of issues and changes
- Major decisions made
 - MROC DM 45-2003 (09 May 03) ABRM
 - MROC DM 50-2003 (01 Jul 03) MCBE
 - MROC DM 06-2004 (15 Dec 03) CSWG
 - MROC DM 27-2004 (12 Apr 04) SE Goals and MCBE
 - CMC POM06 Guidance (12 Apr 04)
- Guidance from DC's P&R and I&L



Strategic Plan Components



Mission An enduring statement of purpose. It describes what the organization does, who it does it for, and how it does it.

Vision A view of a desirable and potentially achievable future state. A vision is a definition of success .

Value A principle of an organization that guides the behavior of its members.

Goal A statement of a result to be achieved in the long term, representing a major accomplishment.

Strategy A major proposal an organization intends to pursue in order to achieve its goal(s).

Measure An indicator, taken over a period of time, that communicates vital information about a process or activity. A measure should drive appropriate leadership or management action.

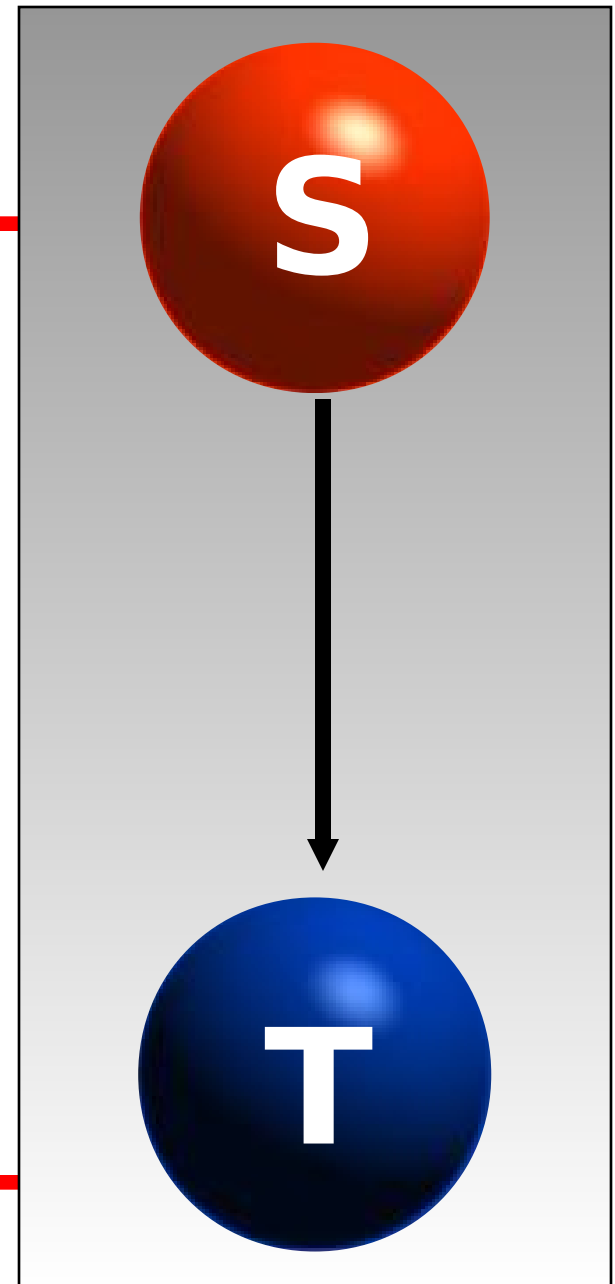
Targets Quantify the vision of the organization.

Action Specific method or process an Installation/Department/Directorate intends to implement in order to achieve a strategy.



**Draft
USMC Business
Enterprise Strategic
Plan
Content Extracts**

E



Daryl Conner BPOT 2004

Mission

Improve Marine Corps warfighting excellence through a never-ending commitment to perform business processes better and at lower cost.



Visio n

Dramatically improved delivery of the right products and services, to the right place, at the right time, and at the right cost for the warfighter.



MCBE Guiding Principles

(paraphrased)

1. MCBE exists to provide effective support and minimize resource demand.
2. Transformation is focused on increasing efficiency and effectiveness.
3. Business information standards are HQ responsibility.
4. Business products and services are to be delivered consistently.
5. Core, critical enabling, and non-core competencies are defined to guide appropriate human capital mix.
6. Human resources are our most important asset.



MCBE Goals

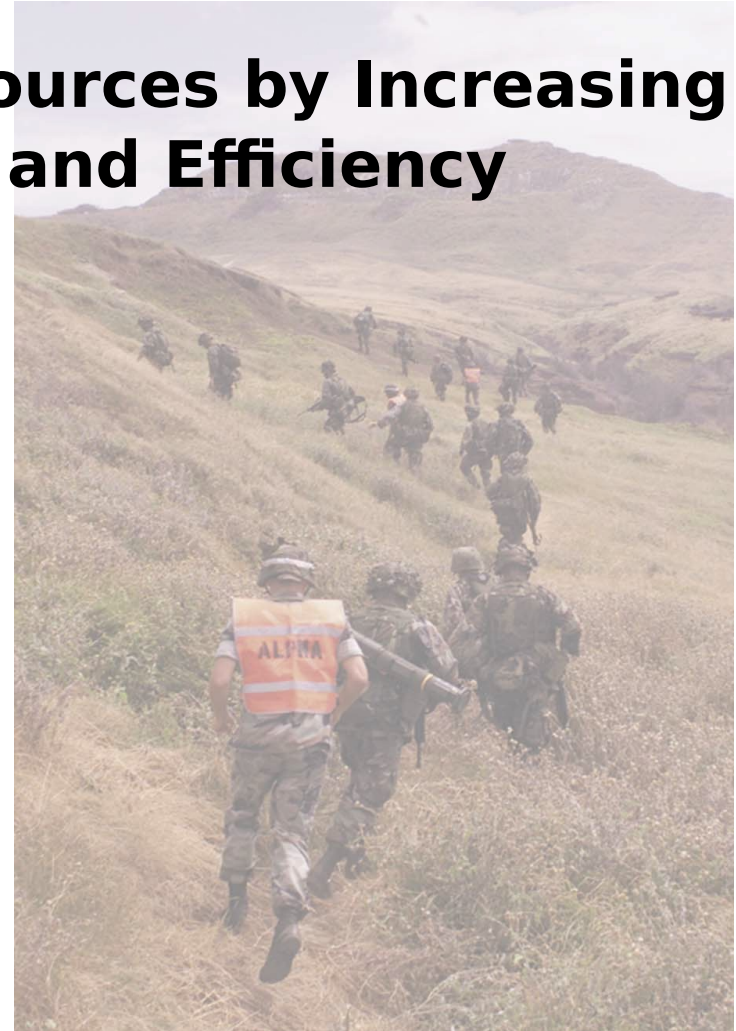
- ✓ **Optimize Resources by Increasing Effectiveness and Efficiency**
- ✓ **Coordinate Business Process Transformation**
- ✓ **Enable Workforce to Achieve Business Objectives**



Goal 1: Optimize Resources by Increasing Effectiveness and Efficiency

Strategy Focus Areas

- 1.1. Process improvement**
- 1.2. Standard business tools**
- 1.3. Competitive sourcing**



Goal 2: Coordinate Business Process Transformation

Strategy Focus Areas

- 2.1. Communication and coordination**
- 2.2. Impediment removal**
- 2.3. Corporate governance**



Goal 3: Enable Workforce to Achieve Business Objectives

Strategy Focus Areas

- 3.1. Skills and training plan**
- 3.2. Linking performance to strategy**
- 3.3. Information and analyses**



Strategic Plan Direction

- Free resources to support combat capabilities
 - Mil-civ working group - led by M&RA
 - End-to-end process reviews - led by process owners
 - Target costing - led by MCBE and P&R
 - Best practice/benchmarking/idea sharing - all hands effort
- Continue building towards information system
 - Common data:
 - full cost,
 - standard process,
 - standard outputs performance measures
 - Efficient Data Collection
 - Corporate leadership to share data
- Measure and assess results
- Develop service acquisition skills
- Codify ABRM policy



Plan Scorecard

Measures and Targets

Measures and Targets

		Measure		05	Target 07	10	Measure Lead	Notes
		M1.2	# of Manneq realigned to the op forces	1000	4700	5200	M&RAMil-Ciu Planning Group	
		M1.3	Dollars realigned to 2010 MAGTF	\$20M	\$100M	\$200M	P&R/RP I&L/LR	
		M1.1.4	Maintained or improved business process performance levels					
		M1.1.4	% reduction in avg. days to fill advertised ciu position	20%	50%	80%	M&RAMP	
		M1.1.5	% reduction in avg. time to acquire services	20%	50%	80%	I&L/LB	
		M1.2.1	Alignment with BMMP goals	TBD	TBD	TBD	C4/CIO	
		M1.2.2	# of standard systems approved vs. universe	TBD	TBD	TBD	I&L/LR	
		M1.2.3	# of people trained in service acquisition	TBD	TBD	TBD	I&L/LR	
		M1.2.4	# of people trained in target costing	TBD	TBD	TBD	I&L/LR	
S1.3	Combine and implement to achieve sourcing strategy	M1.3.1	# of non-core FTEs competed or divested	1000	2000	7000	M&RAMil-Ciu Planning Group	
S2.1	Implement robust internal and external communication and coordination plans.	M2.1.1	Internal and external communication plans developed and published	Published	Revised	Revised	I&L/LR	DoD BIC, DoN SE BOD, Service Steering Group, DoN PMC
S2.2	Remove impediments to innovation.	M2.2.1	# of requests resolved				I&L/LR	Requests to be resolved in 90 days
S2.3	Establish strong corporate level governance through MROC, engaging all advocates, program sponsors, and oppbud holders, in business initiatives that optimize resources and improve warfighting capability.	M2.3.1	% of initiatives reported in the coordination system	80	100	100	Program Managers	Initiatives include green dollars and blue in support of green dollars ²
		M2.3.2	Governance methodology developed and implemented	Published	Revised as required	Revised as required	I&L/LR	
S3.1	Identify business enterprise KSA requirements. Develop and resource a comprehensive business training plan.	M3.1.1	Employee satisfaction index	TBD	TBD	TBD	M&RAMP	
		M3.1.2	% of employees meeting training reqts	TBD	TBD	TBD	I&L/LR	
		M3.1.3	% of total oppbud to civilian training	1	1.5	2	M&RAMP	
S3.2	Link performance plans, appraisals, and contract deliverables to strategic and campaign plans.	M3.2.1	% of business enterprise performance appraisal plans explicitly linked to strategic and campaign plan goals	50	75	100	IGMC	IGMC evaluation based on sample
S3.3	Provide consistent recurring full cost, output, and performance information and analyses.	M3.3.1	% of oppbud holders' TCA using cost, output, and performance information in POM cycle		50	100	P&R/RP	
	Overall		% of strategic plan actions completed on time	100	100	100	I&L/LR	



Strategic Plan Timeline

MROC Decision	Mar 2004
Revised Draft Plan	Apr 2004
Staffing	Jun 2004 (extended)
Revisions	Jun 2004
MROC Brief	Jul 2004
Final Revision	Jul 2004
Publication	Jul 2004



Marine Corps Business Enterprise

**Business Performance Office Training, May
2004**



***“Efficiency equals effectiveness.
We all need to be cognizant of the fact
that when we spend a dollar,
if we’re not spending it well,
then we are taking it out of our combat
capability.”***

- GORDON R. ENGLAND
SECRETARY OF THE NAVY



Naval Power 21 (Sea Enterprise)

Signed by SecNav, CMC, CNO in October 2002

- **Optimize resources.**
- **Free resources for warfighting.**
- **Eliminate non-core functions.**
- **Divest/disinvest in legacy systems and platforms.**
- **Scrutinize current year fiscal operations.**
- **Reap efficiencies across all activities.**

This is the Marine Corps commitment under Naval Sea Enterprise.

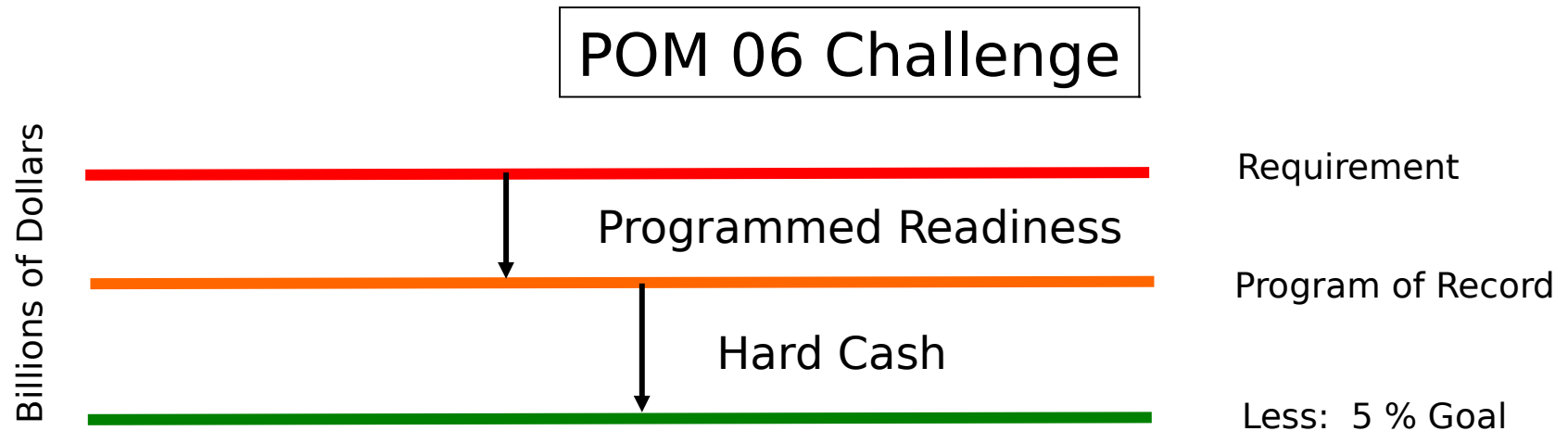


Objective (well underway)

- “Program readiness” + create hard cash
- Everyone gives to corporate goals
 - Get program within resources (7%)
 - Generate hard cash for transformation (5%)
 - About 13.7% of total
- Focused on 325 ship Navy
- Inclusive, Navy-first approach:
 - Organization/functional interests second
- Vigorously led by CNO, VCNO and BOD



Resource Pressures in Navy: Get Readiness within Budget Box



Difference between annual requirement and desired goal = 13.7%

Annual resource impact summary:

Navy reduction = \$14B (includes end strength reduction)

Equivalent USMC impact (if applied) =

Green = \$2.3B

Blue supporting Green = \$1.9B



MCBE Key Responsibilities

- Improve performance and reduce cost

- Manage business information system
- Publish cost and performance standards
- Spur improvement
 - End-to-end process analysis
 - Through benchmarking and best practice analysis

MCBE does
for business
process what
the G-2 does
for
operations.

- Improve management of business reform initiatives

- Coordinate multiple reform initiatives
- Establish policy and mitigate impediments

MCBE does
NOT
implement
initiatives.

- Improve in-house business skills

- Define skills
- Assist in delivery of training

- External coordination and communication

- SE BOD, DoD BIC, PMA, PMC

Initiatives are
both
transformatio
nal &
foundational.



The “INNOVATE” Program

- Unify the submission of improvement ideas
- Remove impediments to innovation
 - dollars, laws, regulations, stovepipes
- Help frame and submit innovative ideas
- Reward and recognize innovation
- Share with innovations
 - Within USMC
 - Externally
 - DoN, other armed services/agencies



Major Initiatives Underway

- **Competitive Sourcing:** \$57M (annual) saved.
- **Outsourcing:** NMCI, Food Service, Family Housing.
- **Reengineering:** MCCS (FAs), 5>3 echelons of maintenance.
- **Regionalization:** GME, 4th/5th element processes (disbursing).
- **E-Gov:** MCEITS, GCSS, WAWF, x-BIT.
- **Human Capital:** Mil-civ conversions, career communities.
- **Divestiture & Early Retirement:** AAO-IPT.

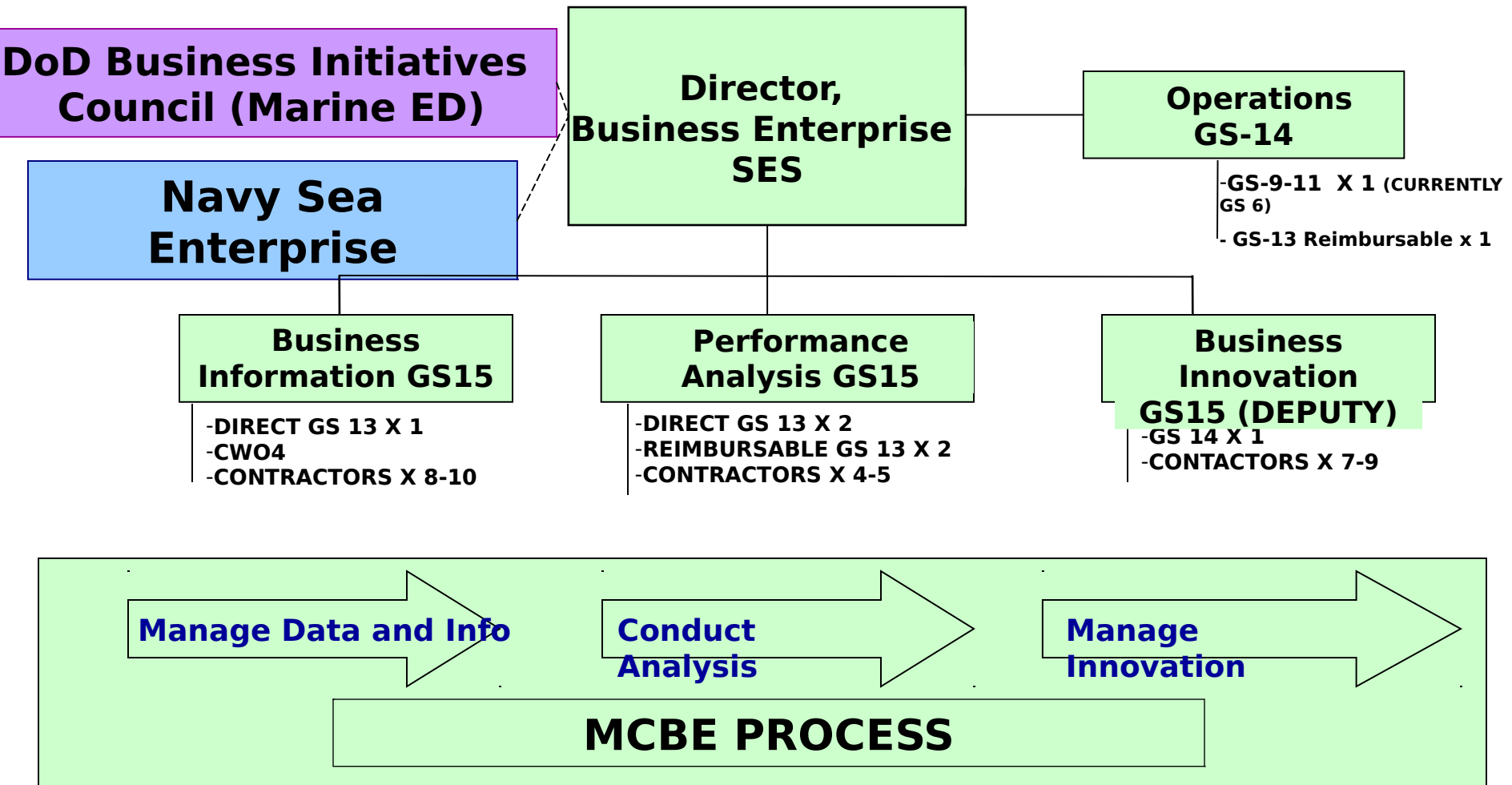


Summary of Initiative impact

- Green dollars saved: > \$1.2BM by end of POM06
- Marines realigned: > 4,200 (includes PBD 712)
- Systems/platforms divested:
 - SRAC
 - 36 logistics systems retired
 - 20 systems identified for April 2004 retirement
 - NMCI
 - Reduced from 8000+ applications to 1300
 - Process in place to approve new software applications
 - AAO-IPT (396 TCNM items reviewed)
 - 155 items recommended for retirement/reduction/disinvestment
 - \$1.2B cost avoidance/\$89M cost savings



MCBE Organizational Diagram (with functions)



Conference Questions

- BPO organization
- PM uses and process
- Training and education focus
- Software standards and upgrade
- A-76 service acquisition conference



Summary of Direction

- Free resources to support combat capabilities
 - Mil-civ working group - led by M&RA
 - End-to-end process reviews - led by process owners
 - Target costing - led by MCBE and P&R
 - Best practice/benchmarking/idea sharing - all hands effort
- Continue building towards information system
 - Common data:
 - full cost,
 - standard process,
 - standard outputs performance measures
 - Efficient Data Collection
 - Corporate leadership to share data
- Measure and assess results
- Develop service acquisition skills
 - Service Acquisition (Extended Enterprise)
 - Target Costing



Questions?

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2004**



Supporting Slides

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USMC Business Enterprise Strategic Plan Supports Strategy Alignment

SECNAV's Top Four

- **People**
- **Combat Capability**
- **Advanced Technology**
- **Business Practices**

CNO's Top Five

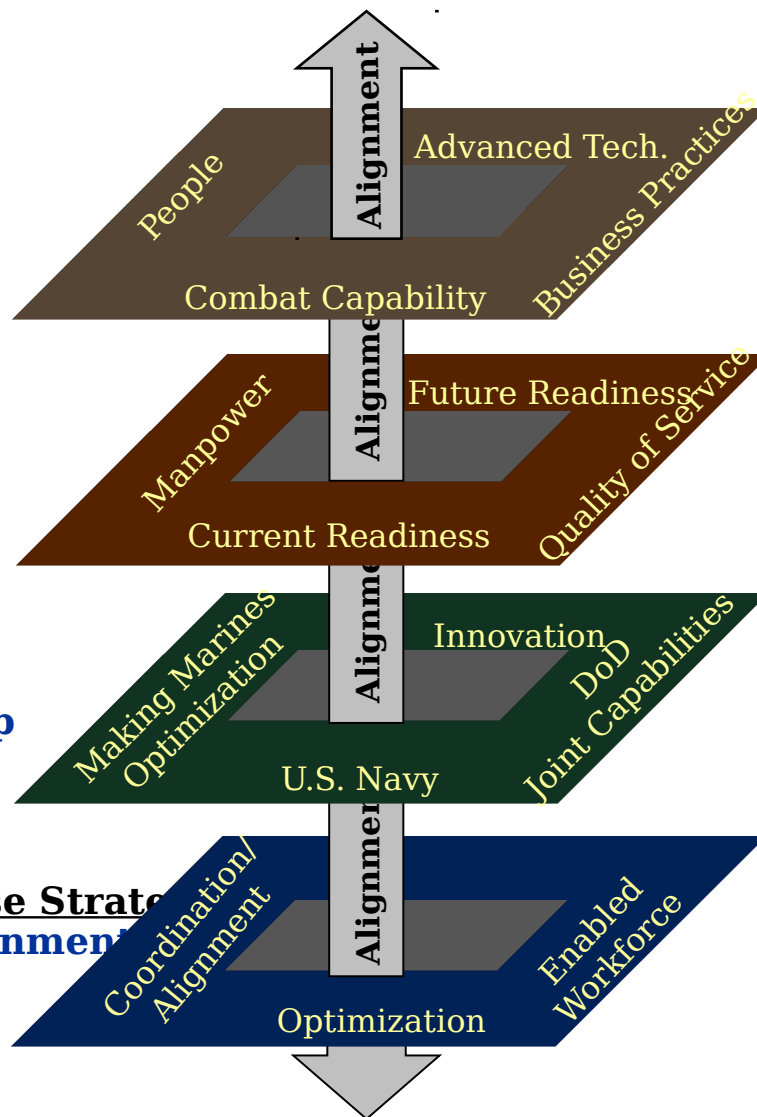
- **Manpower**
- **Current Readiness**
- **Future Readiness**
- **Quality of Service**
- **Alignment**

CMC's Top Six

- **Making Marines**
- **Optimization**
- **U.S. Navy Relationship**
- **DoD Partnerships**
- **Joint Capabilities**
- **Innovation**

USMC Business Enterprise Strategic Plan

- **Coordination and Alignment**
- **Optimization**
- **Enabled Workforce**

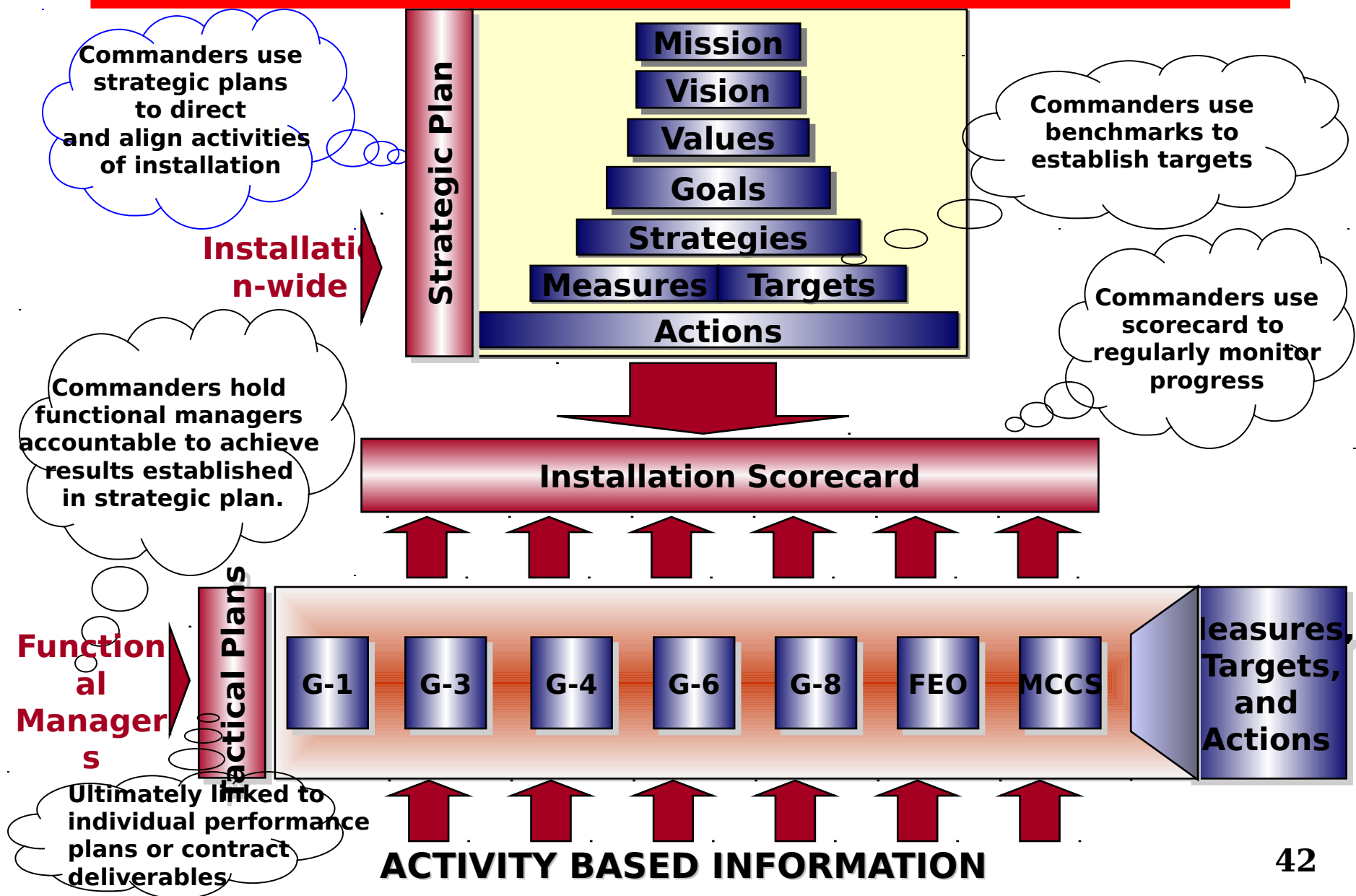


Purposes for the Plan

- To enhance warfighting excellence by providing organizational leaders with tools, information, and guidance to improve support processes and redirect resources from the support establishment to the warfighter. This is the essence of business transformation.
- To articulate in one source document a consistent business process transformation strategy supported by DPG, SECNAV, or CMC goals and performance measures.



Transforming Strategy into Action

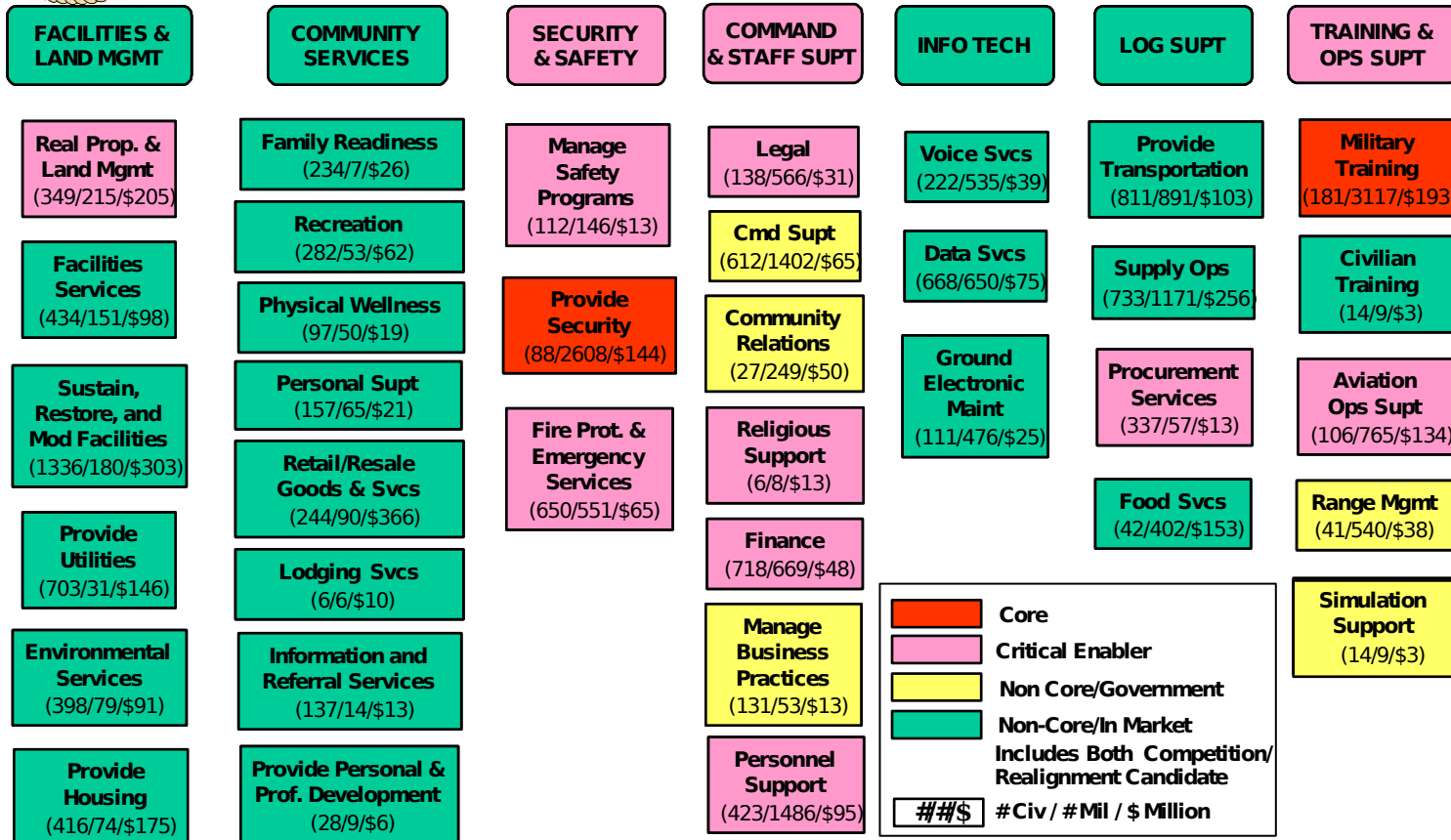


UNCLASSIFIED



Installation Process Model

Core/Non-Core Designations



Designations are based on preponderance of competencies in the process. Processes may include sub processes of other designations. Although the CSWG reviewed processes at the next level of detail, additional review will be required to obtain increased granularity.

UNCLASSIFIED

MROC DM 45-2003

09 MAY 03

- Approved enterprise-wide implementation of ABRM, critical enablers, and supporting functions
- Critical enablers:
 - Standard performance measures for each MCPC
 - Enhanced Program Sponsor role
- Supporting functions:
 - Annual review of MCPCs and SABRS fiscal codes to ensure alignment
 - Refine ABC model standards
 - Expand ABC beyond supporting establishment
 - Modified PBBD screens
 - Support year by year performance measure analysis



MROC DM 50-2003

01 JUL 03

- Expanded operations of the CBE to be reflected in the strategic business plan
- MCBE remains in I&L



MROC DM 06-2004

15 DEC 03

- Approved COA 2
 - Realign 900 Marines
- Approved core/non-core process designations
- Approved continuing review of COA 3 (CMC emphasis)
 - Realign 4200 Marines
- A-76 implementation strategy



MROC DM 27-2004

12 APR 04

- Recommitted to Sea Enterprise goals
- Reiterated MCBE mission expansion
- Directed end-to-end business process improvements
- MROC to provide strong corporate level governance
- MCBE will coordinate initiatives and communications
- MCBE remains in I&L
 - As a division
 - Oversee MCBE activities
 - Measure and audit improvement initiatives
 - Represent the Marine Corps externally (SE BOD, BIC, SSG/PMA)
 - Draft a proposed CMC white letter
- DC, CD defines requirements and cost of 2015 warfighting force
- DC, P&R develop POM06 guidance



POM Serial 06-09

02 APR 04

- CMC guidance:
 - Take bold, informed, shaping actions now
 - Clearly articulate how we intend to transform our processes, organizations, and equipment consistent with our 2015 concepts
 - Coordinate mil-to-civ conversion initiatives with the M&RA working group
 - Aggressively pursue MCBE initiatives
 - To improve end-to-end processes
 - To ensure efficient and effective resource allocation
 - Use measures of effectiveness, metrics, and benchmarking to justify resourcing



Documents in Staffing

- MCBE MarAdmin
- CMC White Letter
- Business Enterprise Strategic Plan
 - Replaces USMC Business Plan



Strategic Plan

Development Resources

INTERNAL

- CMC Guidance (ALMAR 008/03)
- Marine Corps Strategy 21
- Marine Corps Concepts and Programs 2004
- Marine Corps Installations 2020 (Vision 2020)
- MROC Decision Memorandums (27-2004, 06-2004, 52-2003, 50-2003, 45-2003)
- Marine Corps Logistics Campaign Plan

EXTERNAL

- The President's Management Agenda (PMA)
- Government Performance Results Act (GPRA) 1993
- DoD Management Initiative Decisions (MIDs) 901/910/918
- Annual Defense Report (ADR)
- Naval Power 21
- Sea Enterprise Guidance

